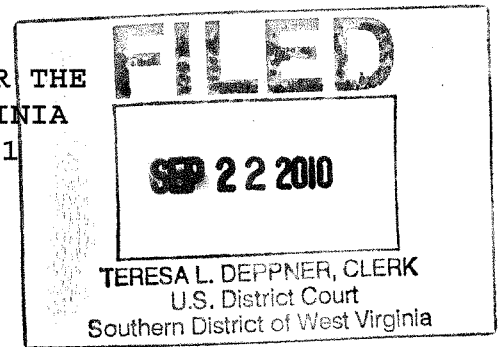


UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF WEST VIRGINIA
CHARLESTON GRAND JURY 2010-01
SEPTEMBER 21, 2010 SESSION



UNITED STATES OF AMERICA

v.

CRIMINAL NO. 2:10-00160
18 U.S.C. § 1343

JONATHAN STEVEN DEUTSCH

I N D I C T M E N T

The Grand Jury charges:

COUNTS ONE THROUGH TWENTY-FIVE
(Wire Fraud)

Introduction

1. The Constructors' Laborers Council of West Virginia, Inc. ("CLC") was a non-profit corporation headquartered in Charleston, West Virginia. The CLC was established in 1950 for the purpose of promoting the heavy and highway construction industry in West Virginia and neighboring states. The CLC's original primary mission was to advance the interests of CLC's member contractors. Its functions included negotiating collective bargaining agreements with various unions and assisting in mediating labor-management grievances.

2. The West Virginia Heavy and Highway Construction Industry Fund ("WVHH") was an unincorporated trust fund formed in 1970 for the purpose of promoting the heavy highway construction industry through educational, training, and public relations programs. The WVHH trust fund provided the main source of funding for the CLC's activities. The CLC managed and operated the WVHH trust fund. When the CLC was first founded, the principal source of WVHH and CLC funds was the voluntary contributions of member contractors; later, however, its funding was derived through the state prevailed wages of laborers.

3. The Operators Labor Management Council ("OLMC") was established in or about 2001 for the purpose of negotiating on behalf of operating engineers with owners of companies that employed union workers. OLMC's primary mission was to scout and identify potential new jobs for the International Union of Operating Engineers.

4. Defendant JONATHAN STEVEN DEUTSCH was the Executive Secretary of the CLC and also served as a trustee of the WVHH's and the OLMC's funds. As CLC's Executive Secretary, DEUTSCH had full control of the books, records and funds of the CLC, the WVHH and the OLMC (at times referred to collectively in this Indictment as "the non-profit entities"). Among other things, the CLC's Executive Secretary was responsible for:

- a. promoting the activities of the non-profit entities in a manner consistent with their stated missions;
- b. ensuring that the non-profit entities' funds were appropriately administered;
- c. ensuring that audits of the non-profit entities' funds were conducted on an annual basis by a certified public accountant;
- d. convening regular board meetings;
- e. ensuring that board minutes faithfully and accurately reflected the matters presented and discussed at board meetings, and that the board minutes and corporate resolutions were maintained with the entities' records;
- f. ensuring that the entities filed informational federal tax forms that faithfully and accurately reflected the entities' finances and other business matters; and,
- g. safe-keeping and maintaining the integrity of the entities' books and records.

The Scheme

5. From the late 1990's and continuing until the spring of 2007, at or near Charleston, Kanawha County, West Virginia and within the Southern District of West Virginia, and elsewhere, defendant JONATHAN STEVEN DEUTSCH did devise, and intend to devise, a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, that is, to defraud and obtain money

by false pretenses from laborers and their employers, and from the CLC, the WVHH and the OLMC trust funds ("the scheme").

Purpose of the Scheme

6. Defendant JONATHAN STEVEN DEUTSCH's purpose in this scheme was to enrich himself through the unlawful conversion and misapplication to himself of nearly \$750,000 from laborers and their employers, and from the CLC, the WVHH and the OLMC trust funds.

Manner and Means

7. Defendant JONATHAN STEVEN DEUTSCH accomplished and furthered his scheme by and through the following and other manner and means:

a. by holding himself out as an attorney when he was never licensed by a state bar to practice law;

b. by causing the entities' long-time accountant, an individual known to the Grand Jury ("the First Known Person"), to discontinue his annual auditing services to the CLC and WVHH in or about 1997 because DEUTSCH failed to provide him with requested detailed financial documentation supporting CLC's and WVHH's expenses, and – after the accountant's termination – by failing to have the CLC's and the WVHH's financial accounts annually audited by an independent auditor;

c. after the termination of the First Known Person's accounting services in or about 1997, by employing the services of

another accountant, an individual known to the Grand Jury ("the Second Known Person"), to prepare the entities' federal informational tax returns and to provide limited accounting services without any detailed supporting financial documentation;

d. filing and causing to be filed false informational federal tax forms for the CLC and the WVHH;

e. forging the signature of the Second Known Person to a fabricated audited financial statement of the OLMC;

f. providing false and misleading information to the non-profit entities' board members, officers, trustees, lawyers and accountants concerning the non-profit entities' finances;

g. preparing CLC and WVHH board meeting minutes that contained fabricated, false and misleading entries that, for example, represented and described:

- i) the presence and actions of certain board members at certain board meetings when those individuals did not attend the meetings and did not do the acts attributed to them by DEUTSCH;
- ii) the boards' purported authorization of the WVHH to borrow a substantial amount of money through a line of credit with a local bank when the board did not authorize the line of credit;
- iii) there was discussion concerning DEUTSCH making alleged "substantial" personal loans to the CLC and the WVHH when there was no such discussion; and,
- iv) there was board approval to pay certain other substantial fringe benefits to DEUTSCH when the board did not approve such benefits.

h. regularly paying personal credit card accounts with the entities' funds, as well as charging a wide-range of personal expenses on the entities' credit card accounts, including:

- fees relating to DEUTSCH's Porsche sports car and other personal vehicles;
- a down payment for an Audi sedan;
- fees for his condominium in the Bahamas;
- plane tickets for family members for travel to the Bahamas and other locations;
- Disney Yacht Club Resort expenses;
- residential homeowner's insurance;
- residential utility bills;
- personal property taxes;
- gasoline costs for family vehicles;
- residential cable and satellite television bills;
- XM Satellite radio fees;
- On-Star vehicle safety device subscription;
- groceries;
- tuition costs;
- health and beauty supplies;
- clothing and shoes;
- tennis club fees;
- tennis equipment and athletic supplies;
- donations to local public and private organizations that were made in DEUTSCH's name;
- veterinarian fees;
- pet boarding charges; and,
- pet supplies.

i. transferring substantial WVHH funds to his personal accounts and, thereafter, unlawfully converting those funds to his own use; and,

j. using the entities' funds to establish retirement and investment accounts in his name.

Wire Transmissions in Furtherance of the Scheme

On or about the following dates, at or near Charleston, Kanawha County, West Virginia, within the Southern District of West Virginia and elsewhere, for the purpose of executing the above-described scheme, defendant JONATHAN STEVEN DEUTSCH knowingly caused to be transmitted certain writings, signs, sounds and signals by means of wire communication in interstate commerce, that is, electronic communications directing the transfers of funds from the accounts of the CLC and WVHH to the personal accounts of the defendant JONATHAN STEVEN DEUTSCH:

COUNT	APPROXIMATE DATE	WIRE COMMUNICATION
1	October 20, 2005	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$8,300 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.

2	November 14, 2005	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$1,965.57 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
3	December 14, 2005	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$2,535 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
4	January 17, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$2,550 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
5	February 6, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$6,000 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.

6	February 16, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$1,550 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
7	April 6, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$1,750 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.
8	May 15, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$1,627.91 from WVHH's Suntrust account to DEUTSCH's insurance company for payment of DEUTSCH's homeowner's insurance premium.
9	May 25, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$2,034.50 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.

10	June 9, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$2,000 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.
11	June 15, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$7,500 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.
12	June 22, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$2,400 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
13	June 30, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$3,500 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.

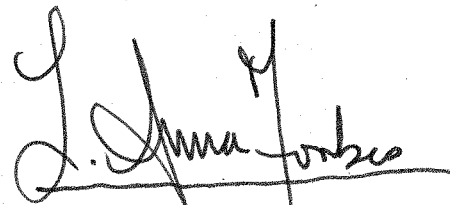
14	July 18, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$3,212 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
15	September 14, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$3,300 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
16	September 21, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$1,050 from WVHH's Suntrust account to pay a company owed money by DEUTSCH for fees relating to his Bahama condominium.

17	October 13, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$5,200 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
18	October 24, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$3,640.71 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
19	November 17, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$4,100 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
20	November 18, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$4,750 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.

21	December 19, 2006	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$10,000 from WVHH's Suntrust account to DEUTSCH's investment planning company, New England Financial, for payment for DEUTSCH's personal annuity.
22	January 19, 2007	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$5,000 from WVHH's Suntrust account (via check number 7681) to DEUTSCH's personal Suntrust account.
23	January 19, 2007	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$5,000 from WVHH's Suntrust account (via check number 7682) to DEUTSCH's personal Suntrust account.
24	February 8, 2007	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$5,000 from WVHH's Suntrust account to DEUTSCH's personal Suntrust account.

25	April 16, 2007	Electronic communications from Suntrust Bank in or near Charleston, West Virginia to Suntrust Bank in or near Atlanta, Georgia, directing the transfer of \$2,500 from WVHH's Suntrust account to one of DEUTSCH's personal credit card account companies.
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All in violation of Title 18, United States Code, Section 1343.


ASST. U.S. ATTORNEY